Hospital Community Benefit Program (HCBP)
Advisory Committee
Meeting Minutes for
October 19, 2000

Welcome and Introductions

Dr. David Carlisle called the meeting to order at 10:10 a.m. and introduced himself as the new director of the Office of Statewide Health Planning and Development. He then introduced Dennis Fenwick, Acting Chief Deputy Director and Jacquelyn Paige, Executive Director of the California Health Policy and Data Advisory Commission. Ms. Paige is a newly appointed member on the HCBP Advisory Committee. Dr. Carlisle asked committee members to introduce themselves and identify the organization which they represent.

Committee Members Present:

- Kevin Barnett, Ph.D., M.C.P.
  Public Health Institute
- Bud Beck, M.D.
  Scripps Health System
- Maya Dunne, M.A.
  St. Joseph's Health System
- Regina Erickson, Esq.
  Adventist Health
- Ron Graybill, Ph.D.
  Loma Linda University Medical Center
- Chet Horn, J.D.
  Office of the Attorney General
- Cyndi Kettmann
  Sutter Health
- Julio Mateo, Esq.
  Consultant
- Tom McCaffrey, M.P.P.
  Alliance for Catholic Health Care
- Tom McGuiness
  Citrus Valley Health Partners
- Jacquelyn Paige, M.P.H.
  CHPDAC
- Maria Rodriguez-Guerra, M.P.A.
  Kaiser Foundation Hospitals
- Sherri Sager, M.P.A.
  Packard Childrens Hospital
- Joan Twiss, M.A.
  Center for Civic Partnerships

Committee Members Absent:

- Carol Adams, M.P.H.
  Dominican Santa Cruz
- Mickie Beyer
  Council of Community Clinics
- Bud Lee
- Mary Lou Goeke
  United Way
- Santiago Munoz
  CAPH
- Donald Rowe, Ph.D.
  Solano County of Health and Human Services

Others present:

- Jim DeLauro
  Catholic Healthcare West
- Connie Alvarez-Delgado
  California Health Care Association
- Collete Johnson-Schuelke
  Sutter Health

OSHPD Staff

- Joy Beatty
- Carmela Cusumano
- David Carlisle, M.D., Ph.D
- Dennis Fenwick, J.D.
- Laurie MacIntosh, M.S.W.
- Elsa Murphy
- Andye Zach, M.P.A., R.H.I.A.

Future of the Hospital Community Benefit Program

The following questions regarding the Hospital Community Benefit Program (HCBP) were posed by the Director's Office: 1) What was the original intent of the program? 2) Have we accomplished what we set out to do? 3) Where should the program go in the future?

Committee Member Comments

The community benefit legislation (SB 697, 1994, Torres) has had unanticipated benefits that have become vital to improving the health of local communities. The legislation has served as a catalyst for collaborative efforts around the state. The degree and success of these efforts (e.g. between competing hospitals) had not been anticipated. In the first generation of SB 697, the focus was on not-for-profit hospitals publicly justifying their tax-exempt status. For the second generation, the focus is on how hospitals can best work collaboratively and redirect resources to meet community needs.

The community benefit process and efforts are still works-in-progress. Hospitals working alone do not solve systemic health issues. SB 697 encourages a broad definition of health with a broad representation of community stakeholders – this is its greatest strength. SB 697 has directly improved the health of local communities.

California's Hospital Community Benefit Legislation is different than that of other states. Texas law, for example, is more prescriptive by defining minimum dollar amounts, but does not encourage hospitals to come to the table and address unmet community health needs collaboratively.

If legislative requirements were eliminated, local collaborative efforts would likely diminish. Hospitals are fierce competitors, but SB 697 motivates them to be partners in improving community health. CEOs and Hospital Boards are encouraged to keep the commitment to the community at the forefront of their planning process because of the legislation, while another stated that the hospitals in their system would continue to provide community benefits with or without the legislation.

Several committee members would like to see OSHPD expand its role. The Office should give more guidance, standards, and definitions for the community benefit planning and reporting process. Furthermore, OSHPD could help the hospitals develop benchmarks and indicators. These will help equate community benefits as a return on investment and lend credibility to their health improvement efforts. This is a great opportunity for OSHPD to raise the bar and encourage institutional commitment to charitable care and improving community health. OSHPD's role in the future of SB 697 might include: providing patient level data for community needs assessments, sharing best practices and lessons learned, and educating new partners. The committee has a tremendous opportunity to work with the Attorney General's Charity Care Task Force and contribute to the discussion on AB 2276.

Future Staffing for HCBP

The Director's Office reported that as of June 30, 2001, the two limited-term positions in the Hospital Community Benefit Program will complete their tenure. The Hospital Community Benefit Program is funded through the Hospital Data fund. The source of the fund is hospital assessment fees.

Committee Member Comments

The State has a responsibility to help not-for-profit hospitals do what is needed around community benefits and health planning. Losing program funding is damaging to progress made thus far. The Committee encouraged OSHPD to restore and make permanent the two limited-term positions. If the HCBP ceases to exist, the community work may stop as well. If the hospitals are mandated to allocate three percent of net patient revenue to charity care, the incentive to provide preventive and primary care to vulnerable populations will cease.

The committee shared unanimous support for the HCBP and OSHPD's work in the area of technical assistance and the development of reporting standards, and asked for standard definitions for the community benefit process. Developing reporting standards would not be a mandate to hospitals on 'how to do community benefits," but instead will provide common definitions and benchmarks for statewide analysis of community benefits.

There have been substantial changes at the Agency (California Health and Human Services), Dept. of Finance, and within OSHPD itself. The program is important to OSHPD's new leadership.

One committee member offered that their organization supports the community benefit program wholeheartedly but does not support an additional tax to continue the program. Hospitals already pay a substantial amount to the OSHPD Data Fund and would like to see continued funding for the HCBP. The representative from the California Healthcare Association commented that it has no official position on the future of the HCBP.

Community Benefit Reporting Standards

Kevin Barnett discussed Community Benefit Reporting Standards. Mr. Barnett described the tool "Organizational Infrastructure." The tool has been created to document the community benefit planning process of hospitals. It is not meant to constrict, but to describe a hospital's process. The tool can also be used for planning to prompt hospitals to explore other approaches. Mr. Barnett briefly discussed each section of the form.

The Director's Office asked why hospitals should be required to report when many of them are closing or are barely surviving financially.

Committee Member Comments

Refinement of standards is not a burden to hospitals but a method of communication. Standards offer a common language to compare hospitals, discuss best practices, and establish benchmarks. The tool would help hospitals in their self-assessment efforts and offers a wide array of planning approaches.

Hospital bankruptcies are not the result of delivering community benefits. When hospitals are truly involved in this process, they are leveraging resources and decreasing emergency room utilization and ultimately saving money. Not-for-profits do not pay taxes and are expected to provide community benefits. Through the legislation, hospitals engage in a community benefit planning process and attempt to ensure that resources in the community are addressing unmet health needs. There is also an attempt to eliminate duplicative services through collaboration. Small and rural hospitals are exempt from these legislative requirements

The Director's Office asked Committee members to comment whether there should be standards for reporting.

Committee Member Comments

Several members reiterated the need for common terminology and comparable community benefit plans. It is OSHPD's role is to provide tools for documentation, ensure comparability of the plans, 'raise the bar' by recognizing best practices around the state, as well as to increase pressure on hospitals to provide community benefits. OSHPD should test the reporting standards with a sample of hospitals. Once the forms are developed they should be available on-line. The forms are only part of the document and are not meant to stand-alone. Qualitative information is also very important to include. Reporting community benefits and increasing documentation of the community benefit process increases the validity of the process within the hospitals. There is a difference between regulation and standard communication. The hospitals do not necessarily want increased regulation but would very much appreciate increased communication. To accomplish that, hospitals need standard definitions and benchmarks.

The form can be used as a checklist, a planning tool, a series of prompts for further thought, or as an appendix to the narrative. One suggestion was that hospitals request technical assistance through the forms by checking the box, "I would like further information on this topic" or "Please provide examples of this topic."

Committee members discussed the need for the continuance of the HCBP.

Committee Member Comments

There was concern that the Attorney General's office may develop a programmatic audit system of charity care if the HCBP ceased to exist. Hospitals need to be encouraged (and mandated) to provide benefits to the community that address community needs. It is much more than the charity care dollar figure, it is how the hospital operates in the community. The Attorney General's office should work with OSHPD on this issue since their approaches appear to differ. Concern was expressed regarding the possibility the AG may determine a three percent charity care standard or programmatic audit system, and that OSHPD should provide guidance and promote a continual improvement process.

One committee member shared the current forms with their 22 hospitals and staff found the forms helpful for their community benefit planning process. Another member commented that hospitals have financial obligations to the bank and a social obligation to the community. Hospitals need a law that encourages them to serve the community even in financially trying times. Tying bond money or lengthened timeframes for SB 1953 requirements to the community benefit process could be explored. Protecting SB 697 is protecting the community health improvement efforts in California's communities. It was also suggested that the Committee should continue encouraging the diversity of organizations represented at the table (e.g., managed care companies).

Hospital Community Benefits- A Planner's Guide

Technical Assistance Workgroup presented the *Hospital Community Benefits- A Planner's Guide*. Sherri Sager presented the manual to the committee.

Ms. Sager commented that the manual is still a work-in-progress and that the first edition will be out in January of 2001. Some portions that are still in development include: Questions to Consider Before Hiring a Consultant, Developing a Request for Proposals, Engaging the Community, Finding Secondary Data, and an expanded Resources section.

Committee Member Comments

The committee would like to review the glossary and be prepared to comment at the next advisory committee meeting. Another member suggested including a contact list of persons who are experts in certain areas (e.g., Needs Assessments, Prioritization). The manual was the best of its kind. The manual will assist hospitals in maintaining focus in the long run. There is a need for continued discussion on the definitions of charity care, bad debt and uncompensated care.

Initial Review of Hospital Plans and Charity Care Policies

Laurie MacIntosh presented preliminary findings from a review of community benefit plans from Los Angeles County not-for-profit (NFP) hospitals. The data indicate hospitals are complying with a majority of the legislative requirements, however, many appear to have challenges involving their communities in the evaluation process. Ms. MacIntosh also presented preliminary findings from an analysis of hospital charity care policies. OSHPD compared the voluntarily submitted charity care policies to the recommendations in the San Francisco Public Health Department's *Analysis of Charity Care Provided by San Francisco's Non-Profit and Public Hospitals*. Based on the documentation submitted, the data show that there are continued differences among NFP hospitals regarding their charity care policies.

Committee Member Comments

While OSHPD has a definition for charity care, comparisons done at the national level (e.g., *Modern Healthcare*) are not based on a standard definition. Charity care focuses on the traditional medical model while community benefits focus on community health improvement. If hospitals are truly addressing the unmet health needs of their primary service area, charity care will decrease because emergency room utilization will decrease. As primary and preventive services increase in a community, tertiary care decreases. In this instance, it is a positive outcome when charity care decreases. A mandated percentage (San Francisco's Department of Public Health suggests three percent of net patient revenue) of charity care would force other services to decrease. Services likely to be cut are the outreach to vulnerable populations including primary care provided at low or no cost.

HCBP Website Update

Joy Beatty informed the committee that the most recently submitted community benefit plans will be available on OSHPD's website by January 2001. The plans will be available in their entirety and users will be able to search for them by hospital name, system name or by county. Ms. Beatty also informed the committee that the first edition of *Hospital Community Benefits – A Planner's Guide* will be available on the web in January 2001.

Closing Comments

The Committee was asked by the Director's Office to comment on the future need for SB 697, should the statute be revised, and what is the next phase of the program.

Committee Member Comments

Community benefit efforts are more than just a report — it is a planning process. SB 697 provides a mechanism for hospitals to collaborate and engage the community and there is always room for improvement under a community benefit planning process.

OSHPD could educate hospitals, the legislature and other health care constituents regarding the HCBP. This is an opportunity to expand the role of the HCBP. The legislation is a placeholder, a checkpoint to ensure that hospitals are addressing community needs.

SB 697 is the only vehicle to build bridges between competing health care providers. Collaboration enables communities to talk honestly about their health needs and truly address the needs of the vulnerable.

OSHPD could revisit the *Consensus Recommendations* that were developed five years ago. There was also a reference to the recommendation made to the Legislature in OSHPD's 1998 report. Specifically, hospitals requested assistance in obtaining subcounty data. OSHPD could create a link from SB 697 to Healthy People 2010. OSHPD could invite HMOs and other health insurance plans into the discussion regarding community benefits. The hospital community benefit planning process is directly aligned with Secretary Grantland Johnson's vision for the health of California.

The Committee members asked Dr. Carlisle to keep them apprised of the status of the HCBP and its staff.

Meeting adjourned at 3:00 p.m.

Dr. Carlisle appreciated the open, candid discussions with the Committee, and acknowledged the importance of the work they do. He looks forward to the next meeting. A calendar will be circulated to pick the best date for the next committee meeting.